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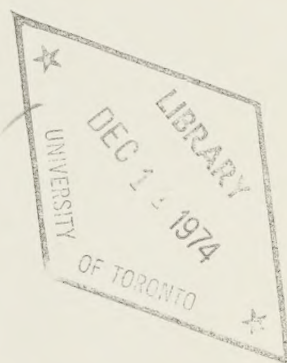
R22

Government
Publications

Real Estate Brokerage Firms in Ontario

statistical profile

1972



Ministry of Treasury
Economics and
Intergovernmental
Affairs

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The Honourable John White, Minister

A. Rendall Dick
Deputy Minister

The Honourable Donald Irvine, Minister Without Portfolio

Ontario Statistical Centre
Central Statistical Services

Ontario Ministry of Treasury
Economics and
Intergovernmental
Affairs

Real Estate Brokers' Firms
in Ontario

Statistical Profile

1972

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PREFACE

This annual statistical report is the first of a series presenting financial and personnel statistics on firms registered with the Ministry of Consumer and Commercial Relations to engage in real estate brokerage in Ontario. The data for Ontario and the ten Economic Regions in the Province were collected for respondents' 1972 fiscal years by means of a sample survey carried out by the Surveys and Statistical Standards Section of the Ontario Statistical Centre. Trust Companies were not covered in this annual survey.

The format of this report may be changed in the future because of questionnaire revisions and in response to user suggestions regarding tabulations they wish to see included.

This annual report will shortly be supplemented by quarterly bulletins presenting data collected in quarterly sample surveys on the number and value of transactions made by real estate brokerage firms, corresponding commissions and fees received, and on personnel. The quarterly surveys will also cover the real estate transactions of Trust Companies.

Since the data presented in this report have been collected, compiled, analysed and published under The Statistics Act, rules of confidentiality have been strictly adhered to.

The co-operation received from all participating brokerage firms, and the Ontario Real Estate Association, is gratefully acknowledged. Also, special thanks are due to the staff concerned in the Ministry of Consumer and Commercial Relations for their assistance.

Kenneth Cheng
Director
Ontario Statistical Centre

August 1974

SYMBOLS


The following symbols are used in this publication:

..	not available
...	not appropriate or not applicable
-	nil or zero
--	too small to be expressed
*	confidential; withheld to avoid disclosure of individual operations
S	suppressed to protect confidential items
()	negative

Note: Components may not add to totals due to rounding.

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INTRODUCTION

The dynamic growth which is taking place in the business and personal services industries, especially with respect to business activity and employment, has alerted government planning units to the need for statistics enabling an evaluation of the effect of this sector on the economic and social development of the Province. Such knowledge is required for use by government in formulating policy and implementing and monitoring programs designed to aid business expansion and to meet social needs.

As statistics on the service trades are limited, and in some trades virtually non-existent, a recommendation was made during 1971 by the Statistical Users' Advisory Committee of the former Department of Treasury and Economics that the Ontario Statistical Centre make a continuing effort to obtain better data concerning the services sector in Ontario. This Committee further stated that collection details and priorities should be determined by the Provincial Accounts Task Force, a group of economists representing ministerial users which was set up at the suggestion of the same committee.

Since the supply and turnover of land and buildings are significant indicators of the economic health of the Province, economists engaged in economic planning and analysis have especial interest in the financial and operational aspects of the Real Estate Brokerage Industry which services that turnover, as well as in the employment opportunities which this industry can provide and reasonably sustain. Therefore, the Task Force gave priority to a survey of Real Estate Brokerage Firms.

In addition to meeting government needs, this survey was also designed to satisfy many of the statistical requirements of the business community, especially of the Real Estate Industry and those professionally associated with it in legal, mortgage, or other financial operations.

This survey of Real Estate Brokerage Firms gathered detailed data on income, operating expenses, capital expenditures, class of customer, personnel, and form of salesmen payment policy. Many firms reported these data for their own fiscal years rather than for the 1972 calendar year requested; reports relating to fiscal years ending on or before May 31st, 1973 were accepted.

Caution should be used with respect to the interpretation and usage of the regional statistics reported in this publication. The data reported regarding an economic region reflect the total activity of every firm with a head office within that region; they therefore include business of the firm's branch offices which are both within and outside the region, and exclude business by branch offices of a firm whose head office is in a different region. As most head offices are located in main urban centres, regional analysis on a head office basis may tend to overstate the real estate activity of the most highly urbanized regions.

DEFINITIONS

Commissions and Fees

Commissions and fees earned on sales of real estate represents total amount of revenue received from all real estate sales transactions; amounts paid to brokerage firms for acting as sub-agents to listing firms have been deducted, thus avoiding double reporting of these amounts.

Commissions and fees by type of customer represents the percentage distribution of revenue from total commissions and fees derived from transactions with

- a) Government
- b) Businesses -includes transactions with industrial, commercial, institutional, farm (if used for farm production), retailing and all other businesses.
- c) Individuals for their personal use -includes transactions with household consumers and individuals, and farms (if for personal use only).

Classification by major business activity All survey respondents are classified on the basis of their most important source of commissions and fees. Firms were accordingly assigned to the following businesses: real estate sales, mortgages, insurance, leasing and rental, property management and appraising.

Expenses

Money paid out to all personnel represents remuneration paid to brokers, salesmen, and all other personnel as salaries, wages, commissions, bonuses, overtime, retroactive or termination pay (before deductions for income tax, pensions, sickness and other such benefits); amounts paid to other firms for acting as sub-agents are excluded, as are payments to working proprietors of unincorporated businesses and directors' fees.

Supplementary labour costs includes employers' contributions for such items as social services, medical and pension plans, Workman's Compensation, Unemployment Insurance, life insurance.

Travelling expenses represents air, rail, hotel, automobile, convention and entertainment expenses.

Professional services purchased represents the cost of purchasing, auditing, and legal services, management consultation and any other professional services.

Interest paid includes interest incurred on bonds, mortgages, loans, insurance and accounts payable; excludes interest on income debentures.

Depreciation of fixed assets includes the amount charged as depreciation on buildings, machinery, equipment and automobiles.

Amortization of other assets represents the write-off of assets such as patents, copyrights, deferred development expenses, financial and organizational expenses, discounts and premiums on debts.

Licenses, permits, fees, property and business taxes includes payment to real estate associations, boards, and government, as well as capital, place of business and property taxes but excludes sales, excise, and income taxes.

Supplementary Income (Reported by incorporated companies only.)

Interest includes gross revenue received from bonds, mortgages, loans, insurance and accounts receivable but excludes interest earned from income debentures (which is included in the item *cash dividends received*).

Cash dividends received includes gross dividends received from companies operating in Canada and net dividends (after deduction of withholding taxes) received from companies operating outside Canada, as well as interest on income debentures.

Gains or losses on sale of assets represents the gain or loss on the proceeds from the disposal of assets as against their net book value.

Capital Expenditures

New buildings refers to gross expenditures during the year on the construction of new buildings (including additions, and major alterations). Cost of heating systems, elevators, etc. are included. Value of land purchases is excluded but all capitalized costs such as the cost of holding land, architects' fees, and re-zoning costs are included.

New machinery and equipment refers to the total delivered and installed costs of all new machinery and equipment such as office furniture and automobiles.

Land refers to the cost of purchasing land.

Personnel

Personnel represents the number of personnel working at head and branch offices in Ontario during the last complete pay period(s) in December, 1972; included are all personnel paid for services rendered, or absent with pay during the period; excluded are casual employees who were paid for less than 7 hours work during the last week of December, 1972.

Working proprietors and family members refers to owners and family members of partnerships and individual proprietorships.

All other personnel refers to all personnel who are paid for services rendered.

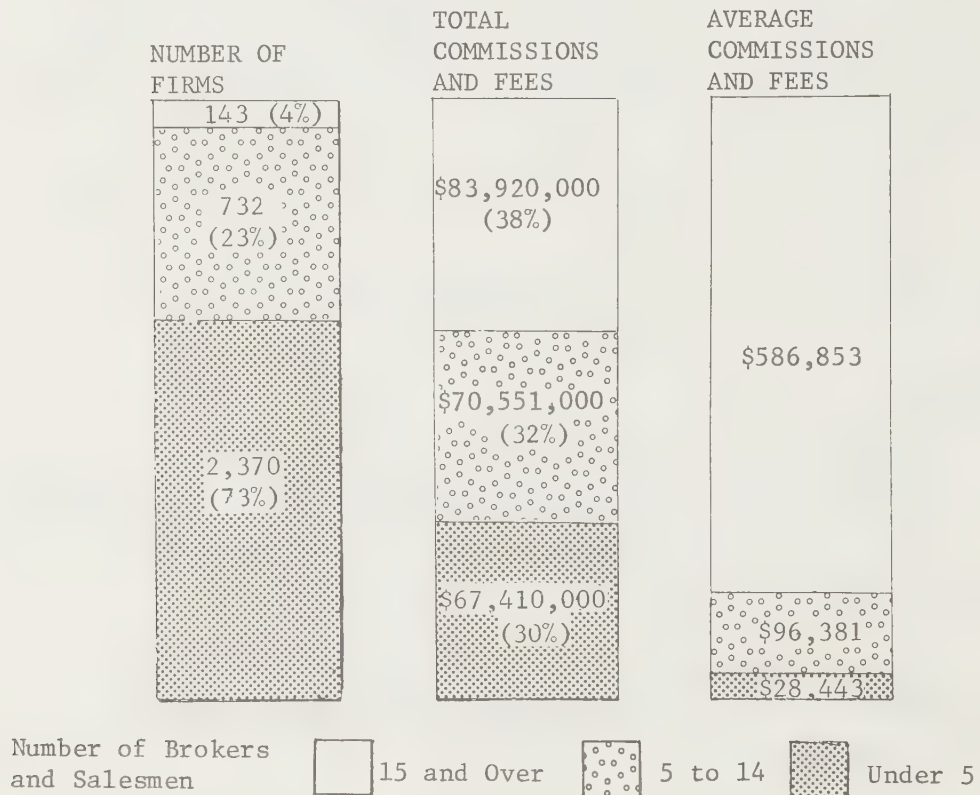
Persons registered as real estate brokers refers to persons who are registered with the Ministry of Consumer and Commercial Relations to trade in real estate as a broker, in accordance with The Real Estate and Business Brokers Act.

Persons registered as real estate salesmen refers to persons who are registered with the Ministry of Consumer and Commercial Relations as a salesman for a registered broker, in accordance with The Real Estate and Business Brokers Act.

SUMMARY

The total number of real estate brokerage firms registered in Ontario during 1972 was 3,245 with revenue from commissions and fees earned amounting to \$221,880,000, giving an average of approximately \$68,378 per firm. Firms with less than five real estate brokers and salesmen accounted for 73% of all firms and had average commissions and fees of \$28,443. This compares with an average of \$96,381 for firms with 5-14 salesmen which account for 23% of all firms and of \$586,853 for the remaining 4% of firms with 15 or more brokers and salesmen. (See Chart A)

CHART A. NUMBER OF REAL ESTATE BROKERAGE FIRMS, TOTAL AND AVERAGE COMMISSIONS AND FEES, AND THEIR PERCENTAGE DISTRIBUTION BY THE NUMBER OF BROKERS AND SALESMEN, 1972

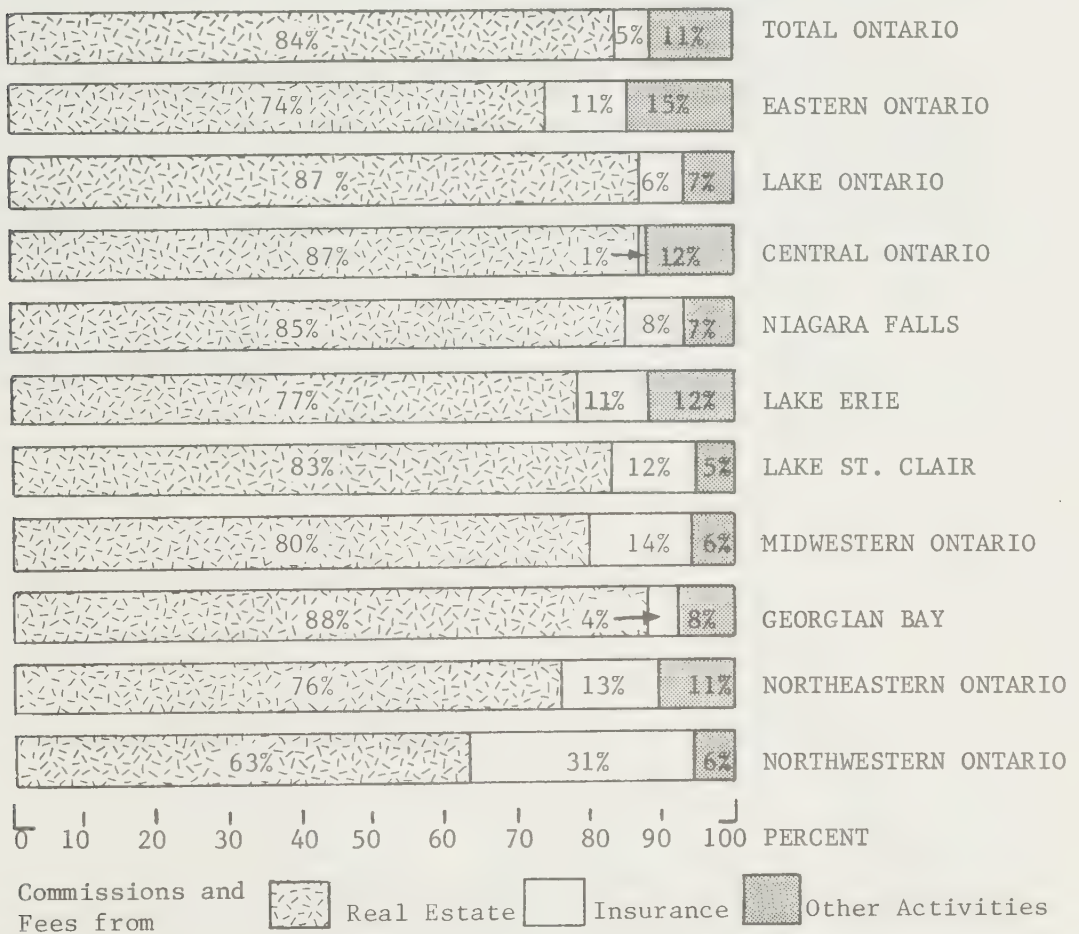


Source: Table 5

Commissions and fees from the sale of real estate was the principal source of commissions and fees earned for 81% of all firms while the remaining 19% of firms received their principal revenue from commissions and fees earned on other business activities such as insurance, mortgages, leasing, property management and appraisal transactions. Commissions and fees earned by those firms engaged primarily in real estate was \$198,930,000, accounting for 90% of total commissions and fees and by those engaged primarily in "other activities" \$22,951,000, accounting for 10% of total commissions and fees.

Chart B gives the distribution of total commissions and fees earned by all firms, for economic regions. It can be seen that the sales of real estate provided for the largest single source of revenue both provincially and in all economic regions, varying from a high of 88% in Georgian Bay to a low of 63% in Northwestern Ontario. Commissions and fees from insurance showed more fluctuation between economic regions, accounting for a high of 31% in Northwestern Ontario and only 1% in Central Ontario.

CHART B. PERCENTAGE DISTRIBUTION OF COMMISSIONS AND FEES FOR REAL ESTATE BROKERAGE FIRMS, BY SOURCE AND ECONOMIC REGION, 1972



Source: Table 4

Central Ontario had a large concentration of firms, (44%) and accounted for 54% of the total commissions and fees reported, although the population in the region accounted for only 38% of the total population of the Province. (Table 4)

With respect to expenditures in the industry, "money paid out to all personnel" was the largest, accounting for 69% of the expenses of all firms. In the 1973 report a breakout of this item for registered real estate brokers, salesmen and all other personnel is planned. The second largest expenditure reported was 8% for advertising and promotional expenses. (Table 1)

The excess of commissions and fees over expenses was 17% of total operating expenses for all firms, 16% for firms engaged primarily in real estate and 32% for firms engaged in other activities. This indicates that firms engaged primarily in "other activities" have a higher profit ratio (before income tax), as for every dollar of operating expenses 32 cents were earned as profit. (Table 1)

Capital expenditures for all firms were \$10,621,000 in 1972 with investment in land representing 56%, in buildings 25%, and in new equipment and machinery 19%. (Table 2)

There were 20,180 personnel in registered real estate brokerage firms as of the end of December 1972, of which 2,409 were working proprietors or family members. (Table 6). Real Estate Brokers totaled 4,418, 22% of all personnel, and a high proportion of them were working proprietors. Real estate salesmen totaled 12,256, 61% of all personnel, and consisted of few family members. The remaining personnel, including office staff and insurance salesmen, numbered 3,506.

By far the most prominent form of salesmen payment policy in the industry was commission only (without advance); 74% of all firms which had salesmen paid them commission only. (Table 7)

TABLE 1

REAL ESTATE BROKERAGE FIRMS IN ONTARIO (1)
STATEMENT OF INCOME BY MAJOR BUSINESS ACTIVITY, 1972

		ALL FIRMS		MAJOR BUSINESS ACTIVITY			
				REAL ESTATE		ALL OTHER ACTIVITIES	
		\$ 000	Per Cent	\$ 000	Per Cent	\$ 000	Per Cent
	COMMISSIONS AND FEES EARNED						
1	Sales of Real Estate	185,962	84	182,754	92	3,208	14
2	Mortgages	4,165	2	2,369	1	1,796	8
3	Insurance	11,507	5	2,967	1	8,539	37
4	Leasing and Rental	7,772	4	4,897	2	2,876	13
5	Property Management	6,471	3	2,880	1	3,591	16
6	Appraisals and Valuations	4,823	2	2,188	1	2,635	11
7	Other	1,180	--	874	--	306	1
8	TOTAL	221,880	100	198,930	100	22,951	100
	EXPENSES						
9	Money Paid Out to All Personnel	130,539	69	120,140	70	10,398	60
10	Supplementary Labour Costs	2,069	1	1,829	1	240	1
11	Directors' Fees	1,113	1	890	1	223	1
12	Travelling Expenses	4,981	3	3,932	2	1,049	6
13	Advertising and Promotional Expenditures	14,790	8	13,897	8	893	5
14	Data Processing Services Purchased	258	--	180	--	78	--
15	Professional Services Purchased	2,660	1	2,311	1	349	2
16	Cleaning, Maintenance and Repair Services Purchased	1,538	1	1,351	1	187	1
17	Heat, Light, Power and Water	1,306	1	1,164	1	142	1
18	Gross Rent Paid for Land and Real Estate	6,056	3	5,367	3	689	4
19	Gross Rent Paid for Machinery and Equipment	604	--	546	--	59	--
20	Interest Paid	1,889	1	1,683	1	207	1
21	Insurance Premiums	886	--	688	--	198	1
22	Depreciation of Fixed Assets	3,058	2	2,624	2	434	2
23	Amortization of Other Assets	208	--	160	--	48	--
24	Charitable and Other Donations and Contributions	468	--	368	--	100	1
25	Licences, Permits, Fees, Property and Business Taxes	2,599	1	2,273	1	325	2
26	Cost of All Other Materials and Expenses Not Elsewhere Specified	14,128	7	12,330	7	1,798	10
27	TOTAL	189,151	100	171,735	100	17,416	100
28	EXCESS OF COMMISSIONS AND FEES (Item 8) OVER EXPENSES (Item 27)	32,729	***	27,194	***	5,535	***
	SUPPLEMENTARY INCOME (FOR INCORPORATED COMPANIES ONLY)						
29	Gross Rental Income from Own Properties	801	23	688	22	112	30
30	Interest	1,211	34	1,025	32	186	49
31	Cash Dividends Received from: Companies Operating In Canada	134	4	104	3	30	8
32	Companies Operating Outside of Canada, Net of Withholding Tax	--	--	--	--	--	--
33	Gains (+) or Losses (-) on The Sale of Assets	238	7	240	8	(2)	(1)
34	Other Sources	1,158	33	1,105	35	53	14
35	TOTAL	3,542	100	3,163	100	379	100

(1) Excluding Trust Companies

TABLE 2

REAL ESTATE BROKERAGE FIRMS IN ONTARIO⁽¹⁾
CAPITAL EXPENDITURES BY MAJOR BUSINESS ACTIVITY, 1972

TYPE OF EXPENDITURE	ALL FIRMS		MAJOR BUSINESS ACTIVITY			
			REAL ESTATE		ALL OTHER ACTIVITIES	
	\$ 000	Per Cent	\$ 000	Per Cent	\$ 000	Per Cent
New Buildings	2,708	25	2,654	25	54	31
New Machinery and Equipment	1,973	19	1,854	18	118	67
Land	5,940	56	5,937	57	3	2
TOTAL	10,621	100	10,445	100	175	100

(1) Excluding Trust Companies

TABLE 3

REAL ESTATE BROKERAGE FIRMS IN ONTARIO⁽¹⁾
PERCENT DISTRIBUTION OF COMMISSIONS AND FEES
BY TYPE OF CUSTOMER, BY TYPE OF BUSINESS ACTIVITY, 1972

TYPE OF CUSTOMER	ALL FIRMS	MAJOR BUSINESS ACTIVITY	
		REAL ESTATE	ALL OTHER ACTIVITIES
	Per Cent	Per Cent	Per Cent
Government	1	--	3
Business	24	21	53
Individuals for Personal Use	76	79	44
TOTAL	100	100	100
COMMISSIONS AND FEES \$ 000	221,880	198,930	22,951

(1) Excluding Trust Companies

TABLE 4

REAL ESTATE BROKERAGE FIRMS IN ONTARIO (1)
PRINCIPAL STATISTICS BY ECONOMIC REGIONS, 1972

ECONOMIC REGION	POPULATION (2)		FIRMS		COMMISSIONS AND FEES EARNED							
	Number (000)	Per Cent	Number	Per Cent	TOTAL		REAL ESTATE		INSURANCE		OTHER	
					\$ 000	Per Cent	\$ 000	Per Cent	\$ 000	Per Cent	\$ 000	Per Cent
Eastern Ontario	932	12	264	8	19,612	9	14,528	8	2,083	18	3,000	12
Lake Ontario	389	5	123	4	10,818	5	9,447	5	638	6	733	3
Central Ontario	2,954	38	1,426	44	119,852	54	103,988	56	850	7	15,014	62
Niagara Falls	888	11	403	12	21,366	10	18,058	10	1,800	16	1,508	6
Lake Erie	493	6	253	8	9,851	4	7,559	4	1,048	9	1,244	5
Lake St. Clair	524	7	172	5	10,006	5	8,284	4	1,236	11	486	2
Midwestern Ontario	493	6	216	7	9,155	4	7,374	4	1,248	11	534	2
Georgian Bay	383	5	192	6	8,778	4	7,742	4	313	3	723	3
Northeastern Ontario	552	7	150	5	8,606	4	6,555	4	1,121	10	929	4
Northwestern Ontario	226	3	46	1	3,837	2	2,426	1	1,170	10	241	1
TOTAL ONTARIO	7,834	100	3,245	100	221,880	100	185,962	100	11,507	100	24,412	100

TABLE 4 (continued)

ECONOMIC REGION	EXPENSES				EXCESS OF COMMISSIONS AND FEES OVER EXPENSES		CAPITAL EXPENDITURES		SUPPLEMENTARY INCOME INCORPORATED COMPANIES ONLY			
	TOTAL		ALL OTHER EXPENSES									
	\$ '000	Per Cent	\$ '000	Per Cent	\$ '000	Per Cent	\$ '000	Per Cent	\$ '000	Per Cent		
Eastern Ontario	15,998	8	10,767	8	5,230	9	3,614	11	459	4	272	7
Lake Ontario	9,836	5	6,969	5	2,866	5	982	3	728	7	94	3
Central Ontario	100,927	53	71,302	55	29,625	51	18,925	58	7,279	69	1,905	54
Niagara Falls	19,174	10	13,142	10	6,032	10	2,192	7	708	7	566	16
Lake Erie	8,135	4	5,061	4	3,074	5	1,716	5	384	4	141	4
Lake St. Clair	8,905	5	5,821	4	3,084	5	1,101	3	124	1	150	4
Midwestern Ontario	8,038	4	5,393	4	2,645	5	1,117	3	63	1	89	3
Georgian Bay	7,552	4	4,946	4	2,606	4	1,227	4	211	2	137	4
Northeastern Ontario	7,287	4	4,848	4	2,439	4	1,318	4	594	6	75	2
Northwestern Ontario	3,299	2	2,290	2	1,009	2	538	2	70	1	113	3
TOTAL ONTARIO	189,151	100	130,539	100	58,612	100	32,729	100	10,621	100	3,542	100

(1) Excluding Trust Companies
(2) Ontario Statistical Review, 1972

TABLE 5
REAL ESTATE BROKERAGE FIRMS IN ONTARIO (1)
NUMBER OF FIRMS AND COMMISSIONS AND FEES EARNED BY ECONOMIC REGIONS,
BY MAJOR BUSINESS ACTIVITY, NUMBER OF BROKERS AND SALESMEN, AND FORM OF ORGANIZATION, 1972

ECONOMIC REGION	ALL FIRMS		MAJOR BUSINESS ACTIVITY				NUMBER OF BROKERS AND SALESMEN PER FIRM						FORM OF ORGANIZATION			
			REAL ESTATE		ALL OTHER ACTIVITIES		UNDER 5		5 - 14		15 AND OVER		UNINCORPORATED (2)		INCORPORATED	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
N U M B E R O F F I R M S																
Eastern Ontario	264	100	193	73	71	27	194	73	57	22	13	5	157	59	107	41
Lake Ontario	123	100	101	82	22	18	88	72	28	23	7	6	80	65	43	35
Central Ontario	1,426	100	1,169	82	257	18	1,065	75	281	20	80	6	740	52	686	48
Niagara Falls	403	100	327	81	76	19	301	75	86	21	16	4	260	65	143	35
Lake Erie	253	100	215	85	38	15	176	70	73	29	4	2	176	70	77	30
Lake St. Clair	172	100	140	81	32	19	115	67	50	29	7	4	109	63	63	37
Midwestern Ontario	216	100	193	89	23	11	156	72	S	S	S	S	117	54	99	46
Georgian Bay	192	100	160	83	32	17	137	71	45	23	10	5	135	70	57	30
Northeastern Ontario	150	100	103	69	47	31	111	74	S	S	*	*	83	55	67	45
Northwestern Ontario	46	100	33	72	13	28	27	59	S	S	*	*	17	37	29	63
TOTAL ONTARIO	3,345	100	2,634	81	611	19	2,370	73	732	23	143	4	1,874	58	1,371	42

C O M M I S S I O N S A N D F E E S E A R N E D																
	\$ 000	Per Cent	\$ 000	Per Cent	\$ 000	Per Cent	\$ 000	Per Cent	\$ 000	Per Cent	\$ 000	Per Cent	\$ 000	Per Cent	\$ 000	Per Cent
Eastern Ontario	19,612	100	16,722	85	2,889	15	6,406	33	6,365	32	6,841	35	5,796	30	13,815	70
Lake Ontario	10,818	100	10,042	93	775	7	2,033	19	2,280	21	6,505	60	1,157	11	9,661	89
Central Ontario	119,852	100	111,589	93	8,263	7	36,200	30	28,748	24	54,904	46	23,333	19	96,518	81
Niagara Falls	21,366	100	19,133	90	2,233	10	5,748	27	8,986	42	6,632	31	5,509	26	15,857	74
Lake Erie	9,851	100	7,824	79	2,027	21	3,402	34	5,312	54	1,138	12	3,098	31	6,753	69
Lake St. Clair	10,006	100	8,596	86	1,410	14	3,271	33	4,605	46	2,130	21	2,622	26	7,385	74
Midwestern Ontario	9,155	100	7,327	80	1,828	20	4,424	48	S	44	S	S	2,137	23	7,018	77
Georgian Bay	8,778	100	7,903	90	876	10	2,195	25	3,877	44	2,707	31	2,312	26	6,466	74
Northeastern Ontario	8,606	100	7,074	82	1,532	18	2,738	32	S	S	*	*	2,678	31	5,927	69
Northwestern Ontario	3,837	100	2,720	71	1,117	29	994	26	S	S	*	*	473	12	3,364	88
TOTAL ONTARIO	221,880	100	198,930	90	22,951	10	67,410	30	70,551	32	83,920	38	49,115	22	172,765	78

(1) Excluding Trust Companies
(2) Includes Partnerships

TABLE 6
REAL ESTATE BROKERAGE FIRMS IN ONTARIO ⁽¹⁾
NUMBER OF PERSONNEL BY ECONOMIC REGION AND SEX
AS OF LAST PAY PERIOD, DECEMBER, 1972

ALL FIRMS	WORKING PROPRIETORS AND FAMILY MEMBERS				PAID PERSONNEL				ALL PERSONNEL			
	REAL ESTATE		Others	Total	REAL ESTATE		Others	Total	REAL ESTATE		Others	Total
	Brokers	Salesmen			Brokers	Salesmen			Brokers	Salesmen		
Total Personnel	1,983	324	102	2,409	2,435	11,932	3,404	17,771	4,418	12,256	3,506	20,180
By Region:												
Eastern Ontario	167	41	8	216	161	892	332	1,385	328	933	340	1,601
Lake Ontario	79	11	7	97	109	694	174	977	188	705	181	1,074
Central Ontario	753	75	23	851	1,208	6,062	1,734	9,004	1,961	6,137	1,757	9,855
Niagara	299	22	23	344	299	1,299	354	1,952	598	1,321	377	2,296
Lake Erie	193	S	*	240	118	S	S	980	311	770	139	1,220
Lake St. Clair	116	14	13	148	106	578	129	813	222	592	147	961
Midwestern Ontario	110	53	-	163	171	443	166	780	281	496	166	943
Georgian Bay	S	40	*	176	S	707	S	930	234	747	125	1,106
Northeastern Ontario	115	20	20	155	96	424	146	666	211	444	166	821
Northwestern Ontario	S	*	-	19	S	S	108	284	84	111	108	303
By Sex:												
Male	1,809	170	27	2,006	2,227	8,514	639	11,380	4,036	8,684	666	13,386
Female	174	154	75	403	208	3,418	2,765	6,391	382	3,572	2,840	6,794

(1) Excluding Trust Companies

TABLE 7
REAL ESTATE BROKERAGE FIRMS IN ONTARIO (1)
NUMBER OF FIRMS BY TYPE OF SALESMEN PAYMENT POLICY, BY MAJOR BUSINESS
ACTIVITY, AND NUMBER OF REAL ESTATE BROKERS AND SALESMEN, 1972

TYPE OF PAYMENT POLICY	ALL FIRMS		MAJOR BUSINESS ACTIVITY				NUMBER OF BROKERS AND SALESMEN			
			REAL ESTATE		OTHER		UNDER 5		5 - 14	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
Firms with Salesmen										
With One Payment Policy:										
Commission without Advance	1,610	74	1,451	75	159	62	1,065	82	498	68
Commission with Advance	37	2	34	2	3	1	17	1	15	2
Salary plus Commission	54	2	30	2	24	9	51	4	3	--
Salary only	25	1	-	-	25	10	25	2	-	-
With Two or More Payment Policies:										
Commission with and without Advance	39	14	224	25	14	6	107	9	137	14
Commission without Advance and Salary plus Commission	52	2	43	2	10	4	18	1	30	4
All Other Combinations	99	5	79	4	20	8	25	2	49	7
TOTAL	2,183	100	1,924	100	257	100	1,308	100	732	100
Firms with No Salesmen	1,062	...	702	...	354	...	1,062	...	-	...
TOTAL FIRMS	3,245	...	2,634	...	611	...	2,370	...	732	...

(1) Excluding Trust Companies

METHODOLOGY

Coverage

The sample for this survey was drawn from lists of head offices of all firms (excluding Trust Companies) registered with the Ministry of Consumer and Commercial Relations to engage in real estate brokerage in Ontario during all or part of 1972. The sampling unit is, therefore, the firm¹ and the survey covers all such firms regardless of whether their major business is real estate or some other activity such as insurance or mortgages.

The survey data were collected from respondents by means of a mail survey, although personal visits by senior staff assigned to the survey were occasionally made to firms which experienced difficulty in completing the questionnaire.

Sampling Procedure

A stratified random sample of approximately 1,300 was selected from a universe of over 3,200 firms. The sample was selected in two parts, the first from lists of all existing firms which were in operation as of December 31, 1971 and the second from lists of new firms which registered for the first time during 1972.

As a high proportion of brokers and salesmen are concentrated in a relatively few firms, and on the assumption that the amount of commissions and fees received by a firm is highly correlated with the number of brokers and salesmen in a firm, a sample design was chosen which provided for a very high coverage of large firms. The universe of firms was stratified by economic region on the basis of head office addresses, and within each region by size of firm in accordance with the number of real estate brokers and salesmen reported by existing firms at the time of their annual registration renewal, and by new firms at the time of their registration. All firms with 15 or more real estate brokers and salesmen were included in the sample. Firms with less than 15 brokers and salesmen were sampled using ratios ranging from 1 in 1 (all firms) to 1 in 7 (one firm selected to represent every seven firms). Generally, the greater the number of real estate brokers and salesmen in a firm, the higher was the sampling ratio. Within each designated stratum, sample selections were made randomly.

The assumption used for this sample design has proven satisfactory as the survey data show that although firms with 15 or more brokers and salesmen account for only 4% of all firms, they account for 38% of commissions and fees earned by all firms.

Estimating Procedure

Although a greater proportion of large firms than small firms are included in the sample, any bias that could result from this difference is overcome by the estimating procedure. Each firm was weighted by the reciprocal of the ratio of the number of usable returns to the total number of firms within the stratum from which it was selected. Thus because it was not possible to obtain co-

1. Represented by the head office in firms with more than one office location.

operation from 100% of the predesignated sample, usable returns were used to represent those firms in the sample which did not return their questionnaires. Possibly this will have given rise to some non-response bias². Final estimates were made by summing the stratum totals into regional and Provincial totals.

In processing completed returns, entries were made for omitted items on the basis of the distribution of these items by respondents with similar characteristics.

Accuracy

Non-Sampling Error

Estimates in this report are, as in any sample survey, subject to many types of errors. In addition to sampling and non-response errors, there are errors which result from incorrect reporting, misinterpretation and processing. Attempts were made to minimize these non-sampling errors by 1) using a carefully drawn and executed survey plan, 2) designing a questionnaire with the assistance of Provincial Government users, the Ontario Real Estate Association and selected real estate brokerage firms, and pre-testing it against the operations of several real estate brokerage firms, 3) making efforts to use definitions, classifications and accounting terminology consistent with those used in the industry, 4) using experienced staff to assist with collection, and 5) by setting up rigid procedures and controls for identifying and rejecting faulty information, for estimating missing data, for processing and tabulating the returns, and for checking accuracy of final tabulations.

Sampling Error

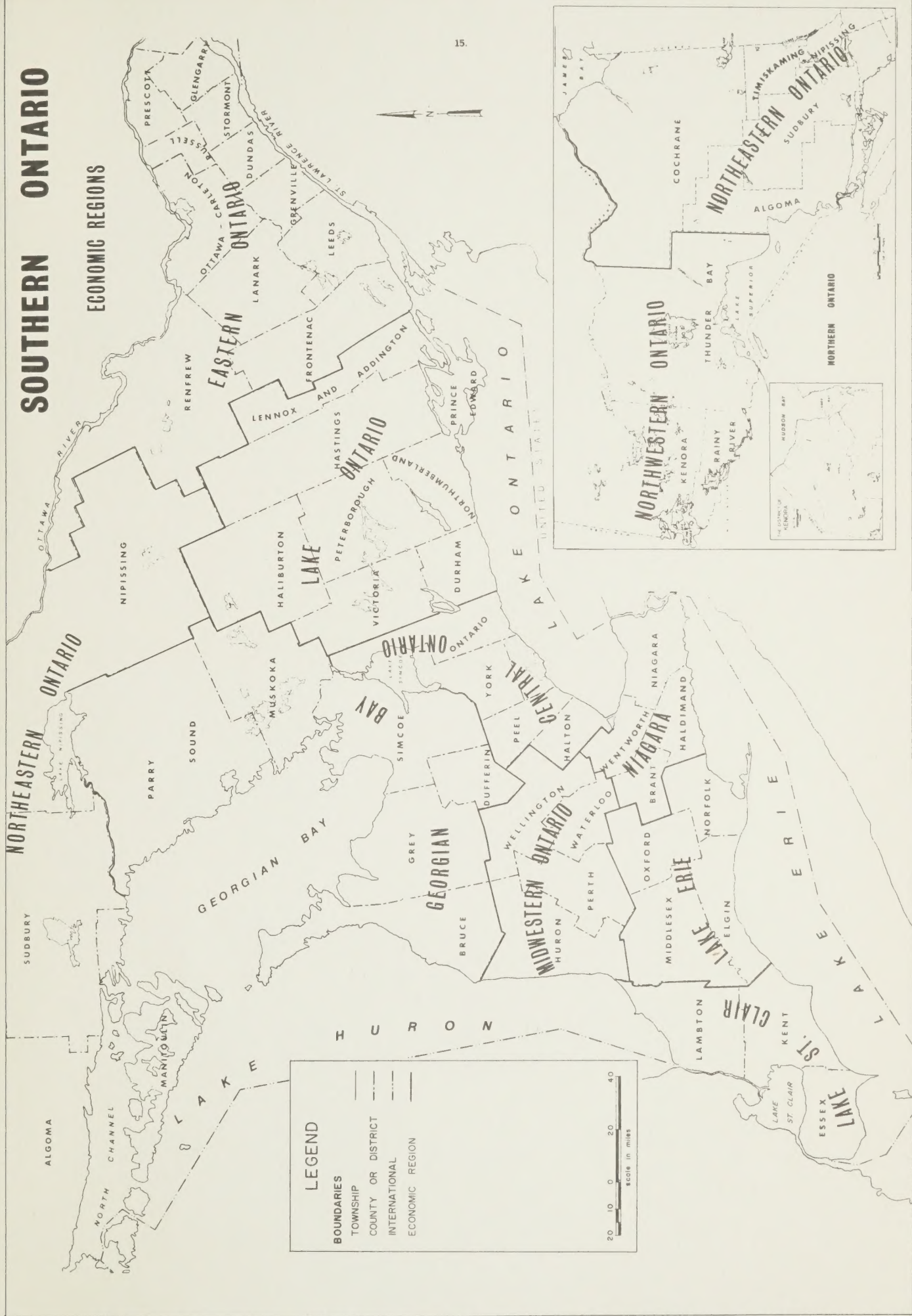
Sampling error is the statistical difference between the sample survey result and that which would have been obtained if a complete census had been conducted in the same manner. This survey has been designed so that we can be 68% confident that estimates of total commissions and fees on a regional basis for all firms differ from a census, as a result of sampling variability alone, by less than 5%. If 95% confidence limits are required, this error must be multiplied by 1.96.

Other estimates in this report have their own unique sampling error which depends upon both the sample size and the degree of homogeneity in the characteristics of the particular item being measured. Estimates for firms which engage primarily in activities other than the sale of real estate (for example insurance, property management) have considerably larger errors than do estimates for firms which engage primarily in the sale of real estate. This is also because the "all other" category returned proportionately fewer usable reports. Further, sampling errors associated with the "all other" category results may be so large that the results are not statistically significant, and therefore data for this group are not broken down in the tables presented in this report.

2. Non-respondents may not have "typical" businesses, with respect to efficiency, attitudes, etc; hence the possibility of bias in representing their operations by those of respondents in the same stratum. However, we are confident that the bias effect will be negligible on total dollar values as reports have been received from most large firms.

SOUTHERN ONTARIO

ECONOMIC REGIONS



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